

zero coupon legend, be clearly and specifically noted on the front of the confirmation. Several commentators supported this format because they believed that disclosing more provisions on the front of the confirmation rather than pre-printed on the back, would be beneficial to customers.

One commentator, however, suggested that dealers be permitted to continue to put two notations on the back of the confirmation. First, for agency transactions, rule G-15(a)(ii)(A) currently provides that the dealer shall indicate on the confirmation either the name of the person from whom the securities were purchased or to whom the securities were sold for the customer or a statement that this information will be furnished upon written request of the customer. Second, rule G-15(a)(i)(G) currently provides that a dealer shall indicate on the confirmation the time of execution or a statement that the time of execution will be furnished upon written request of the customer. The amendment incorporates these suggestions because, in view of concerns regarding confirmation crowding, the Board does not believe these statements are so crucial to a typical customer that it is necessary to include these statements on the front of the confirmation. In addition, consistent with the SEC's amendment to Rule 10b-10, the amendment will not require that the statement regarding factors affecting the yield for municipal CMOs be placed on the front of the confirmation.

### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the publication of this notice in the **Federal Register** or within such other period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve the proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

The Board requests that the Commission delay effectiveness of the proposed rule change until 120 days after approval by the Commission is published in the **Federal Register** to ensure that firms' confirmation practices are in compliance.

### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing.

Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the MSRB. All submissions should refer to File No. SR-MSRB-95-4 and should be submitted by June 8, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(12).

**Margaret H. McFarland,**

*Deputy Secretary.*

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[Release No. 34-35709; File No. 10-101]

### Self-Regulatory Organizations; Notice of Filing of Application for Registration as a National Securities Exchange by the United States Stock Exchange, Inc., and Amendment No. 1 Thereto

May 11, 1995.

Pursuant to Section 19(a) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(a), notice is hereby given that on March 28, 1995, the United States Stock Exchange, Inc. ("USSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") an application for registration as a national securities exchange. On April 25, 1995, the USSE filed Amendment No. 1 to the Application for Registration.<sup>1</sup> The Commission is publishing this notice to solicit comments on the application from interested persons.

The USSE initially intends to trade the most active issues that meet the proposed Exchange's listing requirements and are now eligible for trading on national securities exchanges, as well as those companies that choose to list on the Exchange. The proposed Exchange would operate through an electronic securities

communication and execution facility (the "System"). Because there would be no physical trading floor, members of the Exchange ("Members") would enter orders through System terminals, *i.e.*, computer interfaces that have communications capability with the System and are directly linked to the System. The proposed System would combine the display of limit orders and current quotation/last sale information with a matching and execution facility for like-priced orders. Additionally, the System would enable Dealers (*i.e.*, members who meet certain financial and market-making obligations) to perform brokerage and market-making functions on the Exchange, while allowing the Dealers to retain and execute their internal order flow by preferencing the public agency orders for which they act as agent.

The USSE would have Type A Members that are broker-dealers in securities, and one Type B Member that would be the Chicago Stock Exchange, Inc. The Board of Directors would be composed of eight directors elected by the Type A Members (the "Class A Directors") and two directors elected by the Type B Members (the "Class B Directors"). Four of the eight directors elected by the Type A Members would be public directors ("Class A Public Directors"), and four would be representatives of Type A member firms.

You are invited to submit written data, views and arguments concerning the application by June 19, 1995. Such written data, views and arguments will be considered by the Commission in granting registration or instituting proceedings to determine whether registration should be denied. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549. Reference should be made to File No. 10-101.

The USSE's submission explains the operation of the proposed Exchange and its membership structure in more detail. Copies of the submission, all subsequent amendments, all written statements with respect to the application that are filed with the Commission, and all written communications relating to the application between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection at the Commission's Public Reference Section, 450 Fifth Street NW., Washington, DC 20549.

<sup>1</sup> See letter from David Rusoff, Foley & Lardner, to Sharon Lawson, SEC, dated April 19, 1995.

By the Commission.

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 95-12186 Filed 5-17-95; 8:45 am]

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[Release No. 34-35712; File No. SR-NASD-95-18]

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by National Association of Securities Dealers, Inc., Relating to Corporate Financing Underwriting Terms and Arrangements**

May 12, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on May 3, 1995, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the NASD. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

**I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The NASD is herewith filing a proposed rule change to Article III, Section 44 of the Rules of Fair Practice. Proposed new language is italicized; proposed deletions are in brackets.

THE CORPORATE FINANCING RULE  
Underwriting Terms and Arrangements  
Sec. 44

\* \* \* \* \*

(c) Underwriting Compensation and Arrangements

\* \* \* \* \*

(6) Unreasonable Terms and Arrangements

\* \* \* \* \*

(B) Without limiting the foregoing, the following terms and arrangements, when proposed in connection with the distribution of a public offering of securities, shall be unfair and unreasonable:

(i)-(x) (Unchanged)

(xi) for a member or person associated with a member to accept, directly or indirectly, any non-cash sales incentive item including, but not limited to, travel bonuses, prizes and awards, from an issuer or affiliate thereof in excess of [\$50] \$100 per person per issuer annually. Notwithstanding the

foregoing, a member may provide non-cash sales incentive items to its associated persons provided that no issuer, or an affiliate thereof, including specifically an affiliate of the member, directly or indirectly participates in or contributes to providing such non-cash sales incentive; or  
(xii) (Unchanged)

**II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, the NASD included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The NASD has prepared summaries, set forth in Sections (A), (B), and (C) below, of the most significant aspects of such statements.

*(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

Subsection 44(c)(6)(B)(xi) of the Corporate Financing Rule (the "Rule") currently prohibits NASD members from receiving non-cash sales incentives from an issuer or its affiliates valued in excess of \$50 per person per issuer annually. Such non-cash sales incentives are typically de minimis in nature, such as small souvenir or gift items, provided by issuers to a member or associated persons of a member. The NASD is proposing an amendment to the Rule to raise the permissible level of non-cash sales incentives to \$100 per person, annually.

The NASD believes that a dollar amount of \$100 is still relatively low and will neither compromise the intent, nor reduce the ability, of the rule to prevent fraudulent acts and practices that might arise in connection with the giving of gifts or payments by issuers and their affiliates as non-cash compensation to members or persons associated with members.

Additionally, the amendment would make the value-limitation provisions of the Rule consistent with similar provisions in Article III, Sections 10 and 34 of the Rules of Fair Practice, with proposed amendments to Sections 26 and 29 now pending SEC approval, and with Rule 350(a) of the New York Stock Exchange ("NYSE"). The amendment to the Rule would provide regulatory consistency and simplify compliance for member firms that are also members of the NYSE.

The NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>1</sup> which require that the rules of the association be designed to prevent fraudulent and manipulative acts and promote just and equitable principles of trade in that the proposed rule change allows for an increase in the dollar limit to a level that is still reasonably de minimis and provides for regulatory consistency with other rules of the NASD and the NYSE.

*(B) Self-Regulatory Organization's Statement on Burden on Competition*

The NASD does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

*(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

Written comments were neither solicited nor received.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

A. by order approve such proposed rule change, or

B. institute proceedings to determine

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Security, Securities and Exchange Commission, 450 Fifth Street NW., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in

<sup>1</sup> 15 U.S.C. 78o-3.